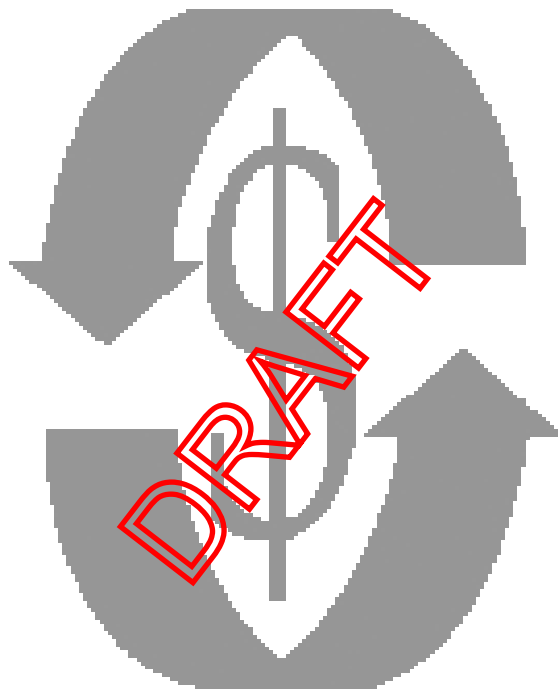


INTENDED USE PLAN
CLEAN WATER STATE REVOLVING FUND
LOAN PROGRAM
AMERICAN RECOVERY REINVESTMENT ACT



Prepared by the
Tennessee Department of Environment and Conservation
State Revolving Fund Loan Program

CWSRF Loan Program Intended Use Plan for FY 2009 ARRA

INTRODUCTION

On February 16, 2009 the President signed the American Recovery and Reinvestment Act (ARRA) of 2009. The State is committed to using the ARRA Capitalization Grant for which it is applying to provide assistance to wastewater, non point source and estuary projects which will proceed quickly to construction within one year of enactment of the ARRA, creating jobs and furthering the water quality objectives of the Clean Water Act. The State goal is to enter into binding commitments for projects, which will proceed to construction or award of construction contracts by February 17, 2010.

The State recognizes that the goal of the ARRA is to expeditiously fund eligible projects that simultaneously will create jobs, promote economic recovery, and generate long-term benefits from infrastructure investment. In this grant, the State is being called upon to accomplish goals that may not previously have been priorities in its base SRF program. Some priorities and activities in the State's base program that may not practically be attainable within the timeframes associated with the ARRA will be pursued using funds made available through the base Clean Water State Revolving Fund Program (CWSRF).

Title VI of the Clean Water Act (CWA) as amended authorizes the Administrator of the U.S. Environmental Protection Agency (EPA) to establish a Clean Water State Revolving Fund (SRF) Loan Program to further the protection of public health and the environment objectives of the CWA.

The State of Tennessee (State) agrees to submit to the EPA, as part of its application for the ARRA Grant, an Intended Use Plan (IUP) that meets the ARRA requirements identifying the use of funds in the Clean Water SRF Loan Program and describing how those uses support the goal of protecting public health and the environment. The following information is included in the IUP to meet the requirements of ARRA.

- Priority Ranking List of proposed loan projects including a project description and the non-point source (NPS) activities eligible for assistance under Section 319 of the CWA
- Description of the financial status of the Clean Water SRF Loan Program
- Estimated disbursement of funds/Automated Standard Application for Payments (ASAP)
- Description of the short- and long- term goals of the Clean Water SRF Loan Program

The IUP serves as the planning document for explaining how the fiscal year (FY) 2009/2010 American Recovery and Reinvestment Act (ARRA) of 2009 appropriations for the Clean Water SRF Loan Program will be used. The State allotment of the FY 2009/2010 ARRA federal appropriation for the Clean Water SRF Loan Program is \$56,930,400. This plan describes how the State intends to use the project loan funds. The ARRA Grant minus the EPA-approved administrative costs will provide \$54,653,184 in project loan funds.

The State proposes to blend funds awarded under the ARRA with projects funded from the base CWSRF Loan Program. These projects must meet the applicable ARRA requirements for the entire project. Projects will be funded 50% from the ARRA funds and 50% with CWSRF. The ARRA funds will be utilized as 80 % principal forgiveness and 20% loan, the other 50% of the project loan will be funded with the base CWSRF.

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List of Projects

The ARRA guidance requires that the IUP for the ARRA contain a list of publicly owned treatment works projects on the State's priority list (PPL), developed pursuant to section 216 of the CWA, that are eligible for SRF construction assistance. This list must include: the name of the community; permit number or other applicable enforceable requirement, if available; the type of financial assistance, and; the projected amount of eligible assistance. The IUP must also contain a list of the non-point source activities under sections 319 of the CWA that the State expects to fund from its CWSRF. In addition, the IUP must contain a description of the intended uses of the 50% additional subsidization reserve and the 20% requirement for "green infrastructure" projects. The list included in the IUP must contain eligible projects for which the total cost of assistance requested is at least equal to the amount of the grant being applied for before a grant can be awarded

Additionally, the ARRA IUP must contain a description of the financial status of the State loan fund including sources and uses; contemplated loan terms and interest rates; the short-term and long-term goals of the State loan fund; a description of the means by which the State will choose those projects that are ready to proceed to construction, and a declaration that the State has or will have by a date certain the authority to provide a form or forms of additional subsidization required to be provided for 50% of the amount of the grant, and has a process and appropriate criteria which it will use to determine how it will provide this assistance to applicants.

Project By-Passing Procedures

Communities that do not respond with a completed application or cannot meet the conditions set forth in the ARRA will be bypassed in order to fund the next highest-ranking projects that are ready to proceed and comply with the ARRA.

Criteria and Methods for Distributing Funds

The State's Priority Ranking System rules, Chapter 1200-22-1, provide a clear objective order of ranking wastewater facilities projects. The basic criteria established under these rules places emphasis on water quality and public health concerns. The rationale for funding projects in an order other than that shown on the priority list shall be in accordance with the rules for the Priority Ranking System, Chapter 1200-22-1-.04. Communities with projects on the CWSRF Priority List may be bypassed based on failure to submit a complete application after being notified or are not ready to proceed in accordance with ARRA. Preference will be given to projects that are ready to proceed to construction within 120 days of ARRA enactment towards the goal of using at least 50% of available ARRA funds.

Affordability criteria are based on the Ability-to-Pay Index (ATPI) established by the University of Tennessee Center for Business and Economic Research. Communities with greater economic need are given a higher ranking. The allocation formula uses a broad definition of fiscal capacity that includes per capita income, per capita property tax base, and per capita sales. The intent is to measure fiscal capacity in terms of the available resources for paying for services.

The interest rate will be based on the community's ATPI. The rate will be zero to 100 percent of the interest rate reported on 20-year general obligation bonds published every Thursday in the

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Bond Buyers Index. Those communities that fall within the lower economic scale of the index will be eligible for a lower interest rate. The interest rates for projects that have service areas in more than one county will be determined by utilizing the lowest Ability To Pay Index of the county or city that will directly benefit from the project(s) associated with the loan. The term of the loan will be a maximum of 20 years or the useful life of the project whichever is shorter.

The State legislation, the Wastewater Facilities Act of 1987, establishes a State Revolving Fund as an enduring and viable fund. Also, the State agrees that the CWSRF shall be maintained and be available in perpetuity for providing financial assistance as authorized and limited by the federal Water Quality Act of 1987.

The State's NPS Management Program has been approved and the IUP may include NPS projects and activities for funding under the CWSRF when viable projects are identified.

Project Fund Solicitation Procedures

- Traditional project funding solicitation letters totaling up to \$90 million dollars will be mailed to communities based on their priority rank from the priority ranking lists no later than April 3, 2009.
- Green project funding solicitation letters totaling up to \$25 million dollars will be mailed to communities based on their priority rank from the priority ranking lists no later than April 3, 2009.
- Preference will be given to traditional projects that are ready to start construction or sign a construction contract by June 17, 2009, up to \$55 million dollars (50% of the Traditional ARRA project fund) worth of projects.
- Preference will be given to green projects that are ready to start construction or sign a construction contract by June 17, 2009, up to \$12.5 million dollars (50% of the Green ARRA project fund) worth of projects.
- Additional priority will be given to traditional projects that have a minimum of 10% green component.
- Projects that do not meet the cut-off date of June 17, 2009, will be funded based on their readiness to proceed (Submitted: IER Documentation, Three-Year Audited Financial Statements, Current Water/Sewer Rate Resolution, Planning Document, Completed Loan Application Documents). If sufficient progress is not made in meeting the ARRA construction guidelines, the SRFLP may by-pass a project in order to allocate funds to the next eligible project from the PRL.
- If sufficient numbers of projects are not received to obligate the total ARRA fund, the next group of communities according to their priority ranking will be notified in order to allocate the remaining ARRA funds.
- Any ARRA funding that is left will be allocated based on the above criteria for the remainder of the projects that appear on the PRL until all ARRA funds are obligated.

AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) OF 2009 REQUIREMENTS

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All funds appropriated under the ARRA must be not only committed to projects through binding commitments or executed loan agreements, but are further committed to contracts for construction by the assistance recipient, or construction has commenced. In order to meet the requirements of the ARRA, all funds must be committed to eligible projects within 12 months of the date of enactment. Furthermore, every assistance recipient must provide a signed certification that contracts have been signed in an amount equal to the full value of the signed assistance agreement within 12 months of the date of enactment (February 17, 2010), and if applicable, that construction has commenced. Every assistance recipient must provide a signed certification that contracts have been signed in an amount equal to the full value of the signed assistance agreement within 12 months of the date of enactment, and if applicable, that construction has commenced.

In addition, ARRA section 1602 requires that “recipients shall give preference to activities that can be started and completed expeditiously, including a goal of using at least 50 percent of the funds for activities that can be initiated not later than 120 days after ... enactment” of the Act. States should implement this preference requirement by selecting for ARRA funding those projects that, as far as it's possible to determine, appear most likely to be able to start construction by June 17, 2009.

The ARRA states that the EPA Administrator shall reallocate funds appropriated for the Clean Water State Revolving Funds that are not under contract or construction within 12 months of the date of enactment of the ARRA.

The ARRA includes a number of new crosscutting requirements that will apply to projects funded in part or in whole with funds made available by this Act. A list of crosscutting requirements will be incorporated into the CWSRF Loan Agreements.

New Requirements under ARRA

Davis-Bacon

Section 1606 of the ARRA contains the following language: Notwithstanding any other provision of law and in a manner consistent with other provisions in this Act, all laborers and mechanics employed by contractors and sub contractors on projects funded directly by or assisted in whole or in part by and through the Federal Government pursuant to this Act shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code. With respect to the labor standards specified in this section, the Secretary of Labor shall have the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (64 Stat. 1267; 5 U.S.C.App.) and section 3145 of title 40, United States Code.

The purpose of this language is to apply Davis-Bacon Act wage rules to all assistance agreements made in whole or in part with funds appropriated under the ARRA. The Department of Labor provides all pertinent information related to compliance with labor standards, including prevailing wage rates and instructions for reporting. The CWSRF Loan recipients will be required to comply with the Davis-Bacon Act wage rules to all contracts funded with ARRA funds.

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American Iron, Steel, and Manufactured Goods

Section 1605 of the ARRA requires that none of the appropriated funds may be used for the construction, alteration, maintenance, or repair of a public building or public work unless all of the iron, steel, and manufactured goods used in the project is produced in the United States unless a waiver is provided to the recipient by EPA. In order to receive a waiver, the State must send a written request to the Administrator. A decision will be made based on the following criteria:

1. The requirement is inconsistent with the public interest for purposes of the project for which a waiver has been requested,
2. Iron, steel, and necessary manufactured goods are not produced in the United States in sufficient and reasonably available quantities and of a satisfactory quality, and
3. Inclusion of iron, steel, and manufactured goods produced in the United States will increase the overall cost of the project by more than 25 percent.

If a waiver is granted by the Administrator, EPA will publish such waiver, with a sufficient explanation, in the Federal Register. The CWSRF Loan recipients will be required to comply with the American Iron, Steel and Manufactured Goods in accordance with the provisions of the ARRA.

Reporting

States will be required to report no less than monthly on the uses of funds provided by the Recovery Act. The CWSRF Benefits Reporting database (formally known as one-pagers) will be used to gather information regarding key project characteristics and milestones, as shown in Attachment 4. The purpose of these requirements is to ensure Agency compliance with the requirements to track data through Recovery.gov. All projects funded with ARRA funds will be entered into the CWSRF Benefits Reporting System as required by the ARRA Grant Agreement.

State Match

The ARRA contains the following language:

That the funds appropriated herein shall not be subject to the matching or cost share requirements of sections 602(b)(2), 602(b)(3) or 202 of the Federal Water Pollution Control Act”

This language waives the requirements of Title VI of the Clean Water Act to provide state match for the ARRA Capitalization Grant.

Attorney General Certification

The ARRA waives the Attorney General’s Opinion, as required in 40 CFR 35.3110(d)(2).

Legislation to Provide Loan Subsidization

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Legislation has been introduced to the General Assembly that will enable the State to provide subsidized loans that will comply with the provisions in the ARRA.

Cash Draws

Due to requirements for expedited spending of Recovery Act funds and increased oversight, EPA requires that all cash draws for projects funded by ARRA funds be drawn from the grant award made available by the ARRA.

Certification of Insufficient Green Project Applications

The ARRA requires that to the extent there are sufficient eligible project applications, not less than 20 percent of the funds appropriated herein for the Revolving Funds shall be for projects to address green infrastructure, water or energy efficiency improvements or other environmentally innovative activities. This provision requires the State to make a timely and concerted solicitation for projects; with the objective of determining no later than 120 days after enactment which qualifying green infrastructure projects it will amend its IUP to include. If, after 120 days, any portion of the 20% reserve remains unaccounted for in the IUP, the State must certify in writing to EPA that the State lacks sufficient, eligible applications for these types of projects prior to using funds for conventional projects.

The CWSRF Priority List has sufficient number of projects to meet the 20% Green Reserve.

Governor's Certification

In accordance with Section 1607 (a), the State will provide a Certification by the Governor stating that the State will request and use funds provide by ARRA and the funds will be used to create jobs and promote economic growth.

Project Certification

The loan recipient's responsible official, mayor or other chief executive, as appropriate, shall certify that the infrastructure investment has received the full review and vetting required by law and that the chief executive accepts responsibility that the infrastructure investment is an appropriate use of taxpayers dollars. Such certification shall include a description of the investment, the estimated total cost, and the amount of covered funds to be used, and shall be posted on a website. All CWSRF Loan recipients will be required to comply with this provision.

ARRA PROGRAM IMPLEMENTATION

Deadline for Contracts or Construction

The ARRA contains the following:

"Provided further, That the Administrator shall reallocate funds appropriated herein for the Clean Water State Revolving Funds (Revolving Funds) that are not under contract or construction within 12 months of the date of enactment of this Act"

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The purpose of this language is to ensure that all funds appropriated under the ARRA are not only committed to projects through binding commitments or executed loan agreements, but are further committed to contracts for construction by the assistance recipient, or construction has commenced. In order to meet the requirements of the ARRA, all funds must be committed to eligible projects within 12 months of the date of enactment. Furthermore, every assistance recipient must provide a signed certification that contracts have been signed in an amount equal to the full value of the signed assistance agreement within 12 months of the date of enactment, and if applicable, that construction has commenced.

Reallotment of Funds

The ARRA requires the Administrator to reallocate any funds that do not meet the required deadline for contracts or construction. In order to implement this provision, EPA will immediately deobligate funds from awarded grants that have not been committed to construction contracts within 12 months of the date of enactment. EPA will rely on required reporting to determine if funds are not committed to construction contracts. All reporting on contracts must be complete no later than 14 days after the deadline for contracts or construction. Reallotment will proceed as described in Deobligation and Reallotment Section. The State will provide the required reporting within 14 days after the deadline for contracts/construction.

MANAGEMENT OF ADDITIONAL SUBSIDIZATION RESERVES

The ARRA contains the following requirements

“Provided further, That notwithstanding the requirements of section 603(d) of the Federal Pollution Control Act, for the funds appropriated herein, each State shall use not less than 50 percent of the amount of its capitalization grants to provide additional subsidization to eligible recipients in the form of forgiveness of principal, negative interest loans, or grants, or any combination of these”

Eligible Assistance Recipients

Any eligible recipient of assistance from a State Revolving Fund is eligible for additional subsidization.

Eligible Activities

Any activity eligible for assistance from a State Revolving Fund is eligible for additional subsidization.

Eligible Forms of Assistance

Principal Forgiveness

A State SRF may provide assistance in the form of principal forgiveness. Principal forgiveness must be granted at the execution of the loan agreement for the amount forgiven to be counted against the total required to be provided as additional subsidization. The amount counted against the requirement is the amount forgiven, regardless of the interest rate.

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Negative-Interest Loans

A State SRF may provide assistance in the form of negative-interest loans. A negative-interest loan is a loan for which the rate of interest is such that the total payments over the life of the loan is less than the principal of the loan. The negative-interest rate must be included in the loan agreement at the time of execution to be counted against the total required to be provided as additional subsidization. The amount counted against the requirement is the difference between the principal of the loan and the total payments expected over the life of the loan.

The State has decided to use Principal Forgiveness to meet the 50 % requirement of the amount of its ARRA capitalization grant to provide additional subsidization to eligible recipients.

Calculation of Additional Subsidization Provided

Each State must calculate its use of additional subsidization in the manner described above. Within 12 months of the date of enactment, each State must have committed an amount equal to least 50% of the funds made available from the capitalization grant awarded to additional subsidization pursuant to the ARRA.

Projects will be funded 50% from the ARRA funds and 50% with CWSRF. The ARRA funds will be utilized as 80 % principal forgiveness and 20% loan; the other 50% of the project loan will be funded with the base CWSRF.

Laws, Regulations and Requirements for Assistance Agreements that are in the Form of Grants

The ARRA contains language that allows States to provide grants to eligible recipients. A listing of the Federal Laws and Executive Orders that apply to all EPA grants, including those authorized by the ARRA. These authorities apply to all projects funded in whole or in part by a grant authorized by the ARRA. Some of the authorities only apply to grants that include construction, e.g., EO 13202. A more detailed description of the Federal laws, Executive Orders, OMB Circulars and their implementing regulations is available through the OGD Grants Intranet website at <http://intranet.epa.gov/ogd/>.

The regulations at 40 CFR Part 31 apply to grants and cooperative agreements awarded to State and local (including tribal) governments. The regulations at 40 CFR Part 30 apply to grants with nonprofit organizations and with non-governmental for-profit entities. Note that the latter grants cannot be made with DWSRF funds except to eligible public water systems, because only certain public water systems are eligible recipients of DWSRF project assistance that can be provided under the ARRA.

OGD added a section to the Assistance Administration Manual 5700 outlining Agency policy on the award and management of subawards, *"Policy on Subawards Under Assistance Agreement"*. The policy applies to subaward work under awards and supplemental amendments issued after May 15, 2007. The policy clarifies subrecipient eligibility, addresses subaward competition requirements, and provides guidance regarding the distinctions between procurement contracts and subawards. It also includes special considerations regarding subawards to 501(c)(4) and for-profit organizations, and subawards to foreign/international organizations or any entity

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performing work in a foreign country. The policy is primarily implemented through an administrative National Term and Condition for Subawards. The subaward policy can be found at <http://intranet.epa.gov/rmpolicy/ads/updates.htm> (under Update 3).

MANAGEMENT OF GREEN INFRASTRUCTURE RESERVE

The ARRA contains the following requirement:

“Provided further, That, to the extent there are sufficient eligible project applications, not less than 20 percent of the funds appropriated herein for the Revolving Funds shall be for projects to address green infrastructure, water or energy efficiency improvements or other environmentally innovative activities”

To address this requirement, States should at the earliest possible time evaluate the projects included in their IUP to identify, on the basis of the information provided in Attachments 7 (for CWSRF) or 8 (for DWSRF), which appear likely to qualify as green infrastructure projects for purposes of this requirement. If the projects in a State's IUP do not appear to contain qualifying components of a total value of 20 percent of the ARRA capitalization grant to the State, then this provision requires the State to make a timely and concerted solicitation for projects, with the objective of determining no later than 120 days after enactment which qualifying green infrastructure projects it will amend its IUP to include. If, after 120 days, any portion of the 20 percent reserve remains unaccounted for in the IUP, the State must certify in writing to EPA that the State lacks sufficient, eligible applications for these types of projects prior to using funds for conventional projects. In meeting this requirement, States can properly conclude assistance agreements for 80 percent of the funds available for projects at the earliest possible time. The FY 2009/2010 CWSRF Priority List contains sufficient number of Green Projects to meet the 20% requirement. If the projects on the States IUP does not appear to contain qualifying projects or components with a total value equal to least 20% of the ARRA Capitalization Grant, the State will make timely and concerted solicitation for green projects for placement on the CWSRF Priority List.

DEOBLIGATION AND REALLOTMENT

Deobligation

The ARRA contains the following language:

“*Provided further*, That the Administrator shall reallocate funds appropriated herein for the Clean Water State Revolving Funds (Revolving Funds) that are not under contract or construction within 12 months of the date of enactment of this Act:”

The ARRA requires the Administrator to reallocate any funds that do not meet the required deadline for contracts or construction. In order to implement this provision, EPA will immediately deobligate funds from awarded grants that have not been committed to construction contracts within 12 months of the date of enactment.

Reallotment

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In the event that funds appropriated by the ARRA are deobligated as described under above, such funds will be reallocated on the basis of the same ratio as was applicable to the initial allotment of funds, in accordance with CWA §205(c). None of the funds reallocated shall be made available to any State which was subject to reallocation. Any sum made available to a State by reallocation under this section shall be in addition to any funds otherwise allotted to such State for grants under this appropriation. Furthermore, in order to participate in the reallocation of funds, a State must certify through an amendment to its IUP, that any additional funds will be committed to contracts for construction within 120 days of reallocation. A State will only be eligible for reallocation for an amount equal to the total value of projects that are certified as ready to proceed in the amended IUP, but no more than an amount determined by the allotment formula. The amendment to the IUP must contain a list of projects ready to receive binding commitments within 120 days of reallocation.

In order to effectively ascertain those States that will be able to participate in a potential reallocation, States are urged to begin identifying additional projects that will be ready to proceed to construction within 120 days from the end of the 1-year period for initial contracting, as soon as possible. If EPA determines that reallocation is likely at the end of the 1-year period, EPA will request that all States submit a certified list of projects that will ready to proceed to construction within 120 from the end of the 1-year period. The certified lists submitted by the States will be used to determine participation in a reallocation of funds. In order to participate in the reallocation of funds, the State must certify through an amendment to its IUP, that any additional funds will be contracted for construction within 120 days of reallocation. Depending upon the availability of projects and their readiness to proceed, the State may apply for reallocated ARRA funds.

Description of the Financial Status of the Clean Water SRF Loan Program

The table below details the total dollar amount in the Clean Water SRF Loan Program project.

	Current CWSRF Unobligated Funds (includes FY 2008 principal and interest	
1.	FY 2008 EPA Capitalization Grant and 20% State Match)	\$ 60, 900,000
2.	FY 2009 ARRA Capitalization Grant	\$ 56,930,400
3.	Less 4% Program Administration	\$ 2,277,216
4.	Program Loans	\$ 10,930,637
5.	Project Subsidization	\$ 43,722,547
6.	Clean Water SRF Loan Program Project Fund	\$117,830,400

Short- and Long-Term Goals/Objectives

As required by the ARRA, the State must identify the goals and objectives of its Clean Water SRF Loan Program. The goals as described below are not presented in any priority order.

The State has the following short-term goals and objectives for the Clean Water SRF Loan Program:

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The State has the following short-term goals and objectives for the Clean Water SRF Loan Program:

Goal To preserve and create jobs and promote economic recovery.

#1:

- Objective 1.A: To ensure the financial stability of loan recipients by reviewing the financial history, loan security, and proposed user rates of loan applicants
- Objective 1.B: To ensure the use of accounting, audit, and fiscal procedures that conform with generally accepted government accounting standards
- Objective 1.C: To obligate funds in a timely manner and provide technical and administrative assistance for efficient project management

Goal Protect and enhance the water quality in Tennessee by ensuring the technical integrity of funded projects

#2:

- Objective 2.A: To ensure adequate and effective project planning, design, and construction management
- Objective 2.B: To maintain a priority ranking system and offer available funds to projects with the highest priority points that are ready to proceed

In addition to these long-term goals, the State has the following short-term goals for the Clean Water SRF Loan Program:

Goal Complete and submit to EPA, ARRA Capitalization Grant application package

#3:

- Objective 3.A: To prepare and submit an annual Intended Use Plan (IUP) and prepare and submit, along with the IUP, an application for the ARRA Capitalization Grant
- Objective 3.B: To actively promote and pursue all potential borrowers that have eligible projects under the ARRA
- Objective 3.C: Provide reports on progress of allocating ARRA funds

Goal Provide ARRA funds to meet the 20% Green Projects Reserve

#4:

- Objective 4.A: Solicit green projects for placement on the CWSRF Priority List
- Objective 4.B: Evaluate potential green projects that appear to be likely qualify in whole or part for purposes of meeting the eligibility requirements

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Information on Activities to be Supported

Pursuant to the ARRA, information pertinent to each CWSRF project is contained in the attachments. As identified in the ARRA Grant application, the State intends to use 4% of the federal funds for administrative support. Based on the available FY 2009 appropriation for CWSRF, the State will use up to \$2,277,216 for administrative support in managing and operating the CWSRF program.

Assurances and Specific Proposals

The State shall provide the necessary assurances and certifications described in the Operating Agreement submitted as part of the ARRA Grant Application. This Operating Agreement is the official agreement between the State and EPA and is incorporated herein by reference..

Pursuant to the ARRA, the State certifies that:

- The State will enter into binding commitments equal to the ARRA Capitalization Grant within one year of enactment of the ARRA
- The State will expend all funds in the ARRA in an expeditious and timely manner
- The State will give priority to projects that will be ready to proceed to actual construction within 12 months of the date of enactment
- The State agrees to commit or expend each quarterly capitalization grant payment in accordance with the State's own laws and procedures

In addition, the State certifies that it will conduct environmental reviews on wastewater facility projects in satisfying the NEPA-like requirements. The State's NEPA-like procedures are contained in the approved Operating Agreement.

In addition to the CWSRF Priority Ranking List, the attachments include a list with additional information about the identified CWSRF projects on the Priority Ranking List, the proposed binding commitment schedule over four (4) quarters for FY 2009 ARRA, the CWSRF quarterly ASAP schedule identifying the anticipated amount of federal dollars to be deposited into the CWSRF over eight (8) quarters, the CWSRF quarterly disbursement schedule projecting the transfer of cash from the Clean Water SRF Loan Program to the loan recipients over eight (8) quarters, and a listing of the sources and uses of ARRA CWSRF funds.

Disadvantaged Business Goals MBE/WBE

In accordance with federal Executive Order 11625 dated October 13, 1971, and Executive Order 12138 dated May 18, 1979, the local government must make a good faith effort to include participation from minority and women's businesses in sub-agreement awards. The MBE fair share goal is 2.6% for construction and 5.2% for supplies, services and equipment. The WBE fair share goal is 2.6% for construction and 5.2% for supplies, services and equipment.

Environmental Benefits

To meet the ARRA reporting requirements, the State agrees to complete the Clean Water Benefits Worksheets for all binding commitments (loan agreements).

Public Review and Comment

A public meeting was held on March 20, 2009, in Nashville, Tennessee, to receive comments on the ARRA IUP. The State formally issued a public notice on February 23, 2009 to solicit participation in the public meeting. Approximately eight hundred notices were sent to local

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governments including municipalities, counties, utility districts, water/wastewater authorities; consulting engineers; and interested parties. A copy of the ARRA IUP is posted on the Tennessee Department of Environment and Conservation's website located at <http://www.state.tn.us/environment/srf/>. A summary of the public meeting is on file in the offices of the SRF Loan Program.

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ATTACHMENTS

- Attachment 1: Clean Water SRF Loan Program FY 2009/2010 Priority Ranking List
- Attachment 2: Clean Water SRF Loan Program Projects for Potential Funding
- Attachment 3: Clean Water SRF Loan Program ARRA Grant Binding Commitment Schedule
- Attachment 4: Clean Water SRF Loan Program ARRA Grant Quarterly ASAP Schedule
- Attachment 5: Clean Water SRF Loan Program ARRA Grant Quarterly Disbursement Schedule
- Attachment 6: Clean Water SRF Loan Program Sources and Uses of Funds
- Attachment 7: Clean Water SRF Loan Program ARRA IUP Public Notice, March 20, 2009

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Attachment #1 The FY 2009/2010 CWSRF Priority List will be submitted at a later date.

Attachment #2 List of SRF Projects for Potential Funding will be submitted at a later date

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CWSRF LOAN PROGRAM BINDING COMMITMENT SCHEDULE

<u>QUARTER</u>		<u>AMOUNT</u>
April 1, 2009	- June 30, 2009	\$ 15,000,000
July 1, 2009	- September 30, 2009	\$ 25,000,000
October 1, 2009	December 31, 2009	\$ 15,000,000
January 1, 2010	February 17, 2010	\$ 1,930,400
TOTAL		\$ 56,930,400

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Attachment 4

CWSRF LOAN PROGRAM QUARTERLY ASAP SCHEDULE

(Quarters are based on Federal fiscal year)

<u>FY 2009</u>	<u>Amount</u>
Qt 1	\$ 14,000,000
Qt 2	\$ 14,000,000
 <u>FY 2010</u>	 <u>Amount</u>
Qt 1	\$ 14,000,000
Qt 2	\$ 14,930,400
 TOTAL	 \$ 56,930,400

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Attachment 5

CWSRF LOAN PROGRAM QUARTERLY DISBURSEMENT SCHEDULE

(Quarters are based on Federal fiscal year)

<u>FY 2009</u>	<u>Amount</u>
Qt 3	\$ 5,000,000
Qt 4	\$ 5,000,000
 <u>FY 2010</u>	 <u>Amount</u>
Qt 1	\$ 15,000,000
Qt 2	\$ 10,000,000
Qt 3	\$ 4,500,000
Qt 4	\$ 4,500,000
 <u>FY 2011</u>	
Qt 1	\$ 4,000,000
Qt 2	\$ 9,930,400
 TOTAL	 \$ 56,930,400

CWSRF Loan Program Intended Use Plan for FY 2009 ARRA



STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
State Revolving Fund Loan Program
L&C Tower, 8th Floor
401 Church Street
Nashville, TN 37243

February 24, 2009

PUBLIC NOTICE

TO ALL POTENTIAL STATE REVOLVING FUND LOAN APPLICANTS AND INTERESTED PARTIES

The Tennessee Department of Environment and Conservation (TDEC) will conduct public meetings on **Friday March 20, 2009**, to present the fiscal year (FY) 2009 Intended Use Plans (IUPs) for the Drinking Water State Revolving Fund (DWSRF) and Clean Water State Revolving Fund (CWSRF) capitalization grants from the American Recovery and Reinvestment Act of 2009 (ARRA) and to receive comments from the public. The meetings will be held in **Conference Room A, 17th Floor, L & C Tower, 401 Church Street, Nashville, Tennessee**, at **10:00 a.m. (CWSRF) and 1:00 p.m. (DWSRF), CDT.**

IUPs serve as the planning documents for the state's intended use of the ARRA's Federal Appropriations for the DWSRF and CWSRF. IUPs include the Priority Ranking Lists of eligible water and sewer projects and explanations of the intended uses of the set-asides for non-project activities, DWSRF and CWSRF Loan Program goals, and the criteria and methods used for distributing funds. The draft IUPs will become final after a 10-day post-public meeting comment period.

ARRA DRINKING WATER STATE REVOLVING FUND LOAN PROGRAM:

TDEC is currently applying for the FY2009 Environmental Protection Agency (EPA) Capitalization Grant from the ARRA for the DWSRF Loan Program. The FY 2009 EPA ARRA DWSRF grant allotment to Tennessee is approximately \$20,400,000.

ARRA CLEAN WATER STATE REVOLVING FUND LOAN PROGRAM:

TDEC is currently applying for the FY 2009 EPA Capitalization Grant from the ARRA for the CWSRF Loan Program. The FY 2009 EPA ARRA CWSRF grant allotment to Tennessee is approximately \$57,000,000.

If you are unable to attend the meeting but would like to review either or both of the IUPs, please contact Dale Hager at (615) 532-0457. All comments must be received in the State Revolving Fund Loan Program's office no later than April 3, 2009. Comments may be mailed to Mr. Hager

CWSRF Loan Program Intended Use Plan for FY 2009 ARRA

at the letterhead address above, submitted via e-mail to dale.hager@state.tn.us, or sent to Mr. Hager at facsimile number (615) 532-0199.

Individuals with disabilities who wish to participate in these proceedings or to review these filings should contact the Tennessee Department of Environment and Conservation to discuss any auxiliary aids or services needed to facilitate such participation. Such contact may be in person or by writing, telephoning, or other means and should be made no less than 10 days prior to the scheduled meeting date (date such party intends to review such filings) to allow time to provide such aid or services. To make these arrangements, contact the Tennessee Department of Environment and Conservation, ADA Coordinator Beverly Evans, L&C Tower, 12th Floor, 401 Church Street, Nashville, Tennessee 37243, (615) 532-0207. Hearing impaired callers may use the Tennessee Relay Service (1-800-848-0298).

If you want to obtain the current SRF loan interest rate for your City, Utility District, or Water/Wastewater Authority or if you have any questions regarding the SRF Loan Program, the Priority Ranking Lists, or the eligibility of certain projects, please contact Sam Gaddipati—(615) 532-0445, sam.gaddipati@state.tn.us or Emily Kelly—(615) 532-0019, emily.kelly@state.tn.us.

If you want to schedule a Pre-application Meeting for your City, Utility District, or Water/Wastewater Authority, please contact Ron Reddout — (615) 532-0498, ronald.reddout@state.tn.us.

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